

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AF-06 ARA-06 EA-06 NEA-10

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

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FM USMISSION GENEVA

TO SECSTATE WASHDC 3247

INFO USMISSION EC BRUSSELS

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AMEMBASSY ANKARA

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E.O. 11652: N/A

TAGS: ETRD, TU

SUBJECT: U.S. GENERALIZED PREFERENCES - TURKEY

1. DURING VISIT GENEVA WITH STR DENT, ASSISTANT
SPECIAL TRADE REP LANDE MET WITH MEMBERS LOCAL TURKISH
DELEGATION HEADED BY ECONOMIC COUNSELOR GOKCE TO DISCUSS
MTN AND US GENERALIZED PREFERENCES. ACTUALLY, IN
ACCORD TURKISH DESIRE, NEARLY ALL OF DISCUSSION RELATED
TO QUESTION OF TURKEY'S WISH BE DESIGNATED AS BENEFICIARY
COUNTRY UNDER US G.S.P. SCHEME.)

2. LANDE REVIEWED FOR TURKS TRADE ACT TITLE V CON-
CERNING GSP AND STATUS US PREPARATIONS PUT OUR SCHEME INTO
EFFECT. HE NOTED THAT EARLIST DATE FOR IMPLEMENTATION
WOULD BE NOVEMBER 1 WHICH WOULD PROVIDE ADEQUATE TIME
TO COMPLETE REVIEW PROCEDURES TO DETERMINE WHETHER
POTENTIAL BENEFICIARIES MEET TRADE ACT ELIGIBILITY REQUIREMENTS.
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3. GOKCR REFERRED TO US NOTE TO GOT ON PREFERENCES AND SAID THAT US SEEMS TO HAVE ARRIVED AT TENTATIVE CONCLUSIONS THAT TREATMENT THAT TURKEY EXTENDS TO EC HAS "SIGNIFICANT ADVERSE EFFECT ON US COMMERCE" AND THAT IF THIS FINDING CONFIRMED, TURKEY WOULD BE BARRED FROM US PREFERENCES. LANDE RESPONDED THAT THIS READING OF OUR NOTE INCORRECT--THAT US HAS NOT REACHED TENTATIVE CONCLUSIONS ON THIS SUBJECT ONE WAY OR THE OTHER FOR ANY OF THE COUNTRIES ON OUR CONDITIONAL LIST OF BENEFICIARIES AND THAT USG ONLY BEGINNING PROCESS OF OBJECTIVELY CONSIDERING QUESTION FOR EACH OF THESE COUNTRIES. GOKCE EXPRESSED APPRECIATION, THEN RECOUNTED POLITICAL, LEGAL, AND ECONOMIC REPERCUSSIONS OF NEGATIVE US FINDING. LANDE RESPONDED TO THE LEGAL ARGUMENT NOTING THAT TRADE ACT SPOKE TO PREFERENCES GRANTED DEVELOPED COUNTRIES AND AS SUCH CONSISTENCY/INCONSISTENCY WITH GATT NOT RELEVANT.

4. CONCERNING QUESTION OF WHETHER TURKISH TREATMENT OF EC IMPORTS HAD ADVERSE EFFECT OF US COMMERCE, GOKCE STATED TURKS COULD PROVE THAT THEIR ARRANGEMENT WITH EC HAD NO ADVERSE EFFECT ON US TRADE. HEART OF ARGUMENT WAS:

A) THAT GOT HAD RAISED STATUTORY TARIFF RATES 50 PCT. BEFORE ENTRY INTO EFFECT OF ARRANGEMENT WITH EC AND THAT REQUIRED REDUCTIONS IN TARIFF FOR COMMUNITY BEING MADE FROM STATUTORY RATES. EFFECTIVE TARIFF RATE WAS AND STILL IS MUCH LOWER, SO THAT TURKEY IS NOT ACTUALLY GIVING EC ANY TARIFF PREFERENCES AND WILL NOT BE DOING SO BEFORE 1982.

B) SOME 45 PCT. OF TURKISH IMPORTS COME IN DUTY FREE OR AT NEGLIGIBLE DUTY BECAUSE THEY QUALIFY AS INVESTMENT GOODS ESSENTIAL FOR TURKEY DEVELOPMENT PLAN FULFILLMENT. GOKCE CLAIMED MOST OF TURKISH IMPORTS FROM US BENEFIT FOR THIS EXEMPTION. GOKCE ALSO STATED THAT UNDER TURKISH-EC ARRANGEMENT, TURKEY WOULD BE ABLE TO RETAIN THIS FEATURE OF TURKISH IMPORT REGIME, WHICH IN EFFECT LIMITED OFFICIAL USE

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ALLOWS TURKEY TO MAKE EXEMPTIONS FROM EC C.X.T. WHICH IS GRADUALLY BEING ADOPTED. ACCORDINGLY, TURKEY COULD USE THIS DEVICE AT ANY TIME IN FUTURE TO DEAL WITH ANY PARTICULAR TRADE PROBLEMS WHICH MIGHT ARISE FOR US AS RESULT TURKISH-EC ARRANGEMENT. IN SUMMARY, GOKCE CLAIMED TURKISH-EC ARRANGEMENT NOT HAVE ANY ADVERSE EFFECT ON US AT PRESENT AND WOULD NOT IN FUTURE.

5. GOKCE ALSO NOTED ADVERSE BALANCE OF TRADE WITH US, WHICH HAS GROWN SIGNIFICANTLY, COULD NOT BE ALLOWED TO CONTINUE. HE INDICATED THIS SITUATION UNDER GENERAL REVIEW IN ANKARA PARTICULARLY IN INSTANCE WHERE PREFERENCE GIVING COUNTRIES WITH BILATERAL SURPLUSES DISCRIMINATED AGAINST TURKEY.

6. LANDE EXPRESSED APPRECIATION FOR VERY USEFUL INFORMATION FURNISHED BY TURKS AND STATED IT WOULD BE TAKEN INTO ACCOUNT IN WASHINGTON REVIEW PROCESS. HE ALSO STATED USG LOOKED FORWARD TO FURTHER DISCUSSION OF THIS MATTER WITH GOT AT MUTUALLY CONVENIENT SITE (PERHAPS GENEVA OR ANKARA) AFTER OUR REVIEW PROCESS FURTHER ALONG. DALE

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